

Message Text

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44

ACTION EA-14

INFO OCT-01 EUR-25 ISO-00 OMB-01 CIAE-00 DODE-00 PM-07

H-03 INR-10 L-03 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01

SP-03 SS-20 USIA-15 AID-20 NIC-01 SAJ-01 EB-11 COME-00

TRSE-00 DRC-01 /149 W

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R 180941Z JUN 74

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 2895

INFO AMEMBASSY BELGRADE

AMEMBASSY BUCHAREST

AMEMBASSY BONN

AMEMBASSY THE HAGUE

AMEMBASSY MOSCOW

AMEMBASSY SEOUL

AMEMBASSY WARSAW

AMCONSUL MEDAN

AMCONSUL SURABAYA

CINCPAC/POLAD

C O N F I D E N T I A L JAKARTA 7504

E.O. 11652: GDS

TAGS: PFOR, OD, UR, YO, PL, MG, KN, EAID, ETRD

SUBJECT: INDONESIA SEEKS AID FROM SOCIALIST COUNTRIES?

REF: A. JAKARTA 7173; B. JAKARTA 6946 (NOTAL; C. JAKARTA
649 (NOTAL)

1. ACCORDING PRESS REPORTS AFTERNOON JUNE 17 AND
MORNING JUNE 18, FOLLOWING PRESIDENT SUHARTO'S JUNE 17
MEETING WITH INDONESIAN AMBASSADORS TO USSR, YUGOSLAVIA,
ROMANIA, CZECHOSLOVAKIA, BULGARIA, HUNGARY, AND POLAND,
AND CHARGE D'AFFAIRES IN EAST GERMANY; FOREIGN MINISTER
MALIK AND ECONOMIC PLANNING MINISTER WIDJOJO, WHO ALSO
ATTENDED MEETING, TOLD PRESS THAT REASON FOR SUMMONING
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AMBASSADORS BACK TO JAKARTA WAS TO EXPLORE POSSIBILITY

OF OBTAINING ASSISTANCE FROM EAST EUROPEAN COUNTRIES IN MEETING NEEDS OF SECOND FIVE YEAR PLAN (1974-78). MALIK AND WIDJOJO REPORTEDLY ADDED THAT POSSIBILITY OF ASSISTANCE FROM EAST EUROPE HAD BEEN EXPLORED PREVIOUSLY, BUT ONLY NOW THAT INDONESIA'S ECONOMY IS IMPROVING COULD GOI CONSIDER ACCEPTING "LESS SOFT LOANS" THAN EARLIER STANDARD OF 25-30 YEAR REPAYMENT PERIOD WITH 2-2 1/2 PERCENT INTEREST. (AS EXAMPLE WIDJOJO NOTED USSR WANTED 15 YEAR REPAYMENT PERIOD.) IN ANSWER TO QUESTION, MALIK STATED THAT MOVE WAS MADE NOT BECAUSE OF DUTCH MINISTER PRONK'S RECENT STATEMENT BUT BECAUSE NATION NEEDS THE FUNDS."

2. COMMENT: SINCE TRIP TO SOCIALIST COUNTRIES BY MALIK AND FOREIGN DEPARTMENT ECONOMIC CHIEF ARIFIN (REFS A AND C) WAS PLANNED PRIOR TO PRONK'S STATEMENT (REF B), WE TEND TO BELIEVE MALIK'S AFFIRMATION THAT PURPOSE OF TRIP NOT MERELY TO "SHOW PRONK". ANNOUNCEMENT TIES IN WITH REPORTS CIRCULATING IN JAKARTA (NOTED IN MEMCONS) THAT, FOLLOWING MAY IGGI MEETING, SUHARTO DECIDED THAT INDONESIA COULD NOT IN FUTURE EXPECT VERY FAVORABLE TREATMENT FROM WESTERN IGGI DONORS, AND THAT INDONESIA SHOULD TRY TO INCREASE POLITICAL AND ECONOMIC TIES WITH COMMUNIST BLOC COUNTRIES (A MOVEMENT WHICH ALREADY BEGUN IN 1973 - REF A). IN THIS CONNECTION MALIK'S PERSONAL ASSISTANT ALEX ALATAS TOLD DCM RECENTLY THAT INDONESIA AND POLAND WILL SIGN A TRADE AGREEMENT WHEN MALIK IS IN WARSAW. IT SEEMS DOUBTFUL THAT SOCIALIST COUNTRIES - WITH POSSIBLE EXCEPTION OF USSR - WOULD OFFER INDONESIA MEANINGFUL AMOUNTS OF ASSISTANCE AND GOI UNDOUBTEDLY AWARE OF THIS. WE THEREFORE BELIEVE GOI WILL BE SATISFIED IF MALIK/ARIFIN TRIP PRODUCES INCREASED ECONOMIC/COMMERCIAL RELATIONS OF SUFFICIENT MAGNITUDE TO BE CONSIDERED IN SOME DEGREE A COUNTERBALANCE TO TIES WITH IGGI COUNTRIES.

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